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Assistance to the Palestinian People

Report of the Secretary-General

Summary

During the period under review, the Palestinian economy suffered a significant decline and the socio-economic and humanitarian conditions of the population worsened. Many donors reviewed their assistance policy to the Palestinian Authority, in the context of the three principles spelled out by the Middle East Quartet in January 2006. At the same time, the Government of Israel continued to withhold the payment of the tax revenues it collects on behalf of the Palestinian Authority, with the exception of one transfer early in 2007. As a result, and despite increased levels of aid, the Palestinian Authority has been facing a worsening fiscal crisis, which has exacerbated the already precarious situation in the Occupied Palestinian Territory.

These developments occurred against the backdrop of continuing violence between Israelis and Palestinians, as well as among Palestinians, that claimed innocent lives on both sides. The reporting period was notably marked by the capture of an Israeli soldier by Palestinian militants, the continuation of Palestinian attacks against Israeli civilians, in particular the firing of rockets from the Gaza Strip, Israeli military reprisals conducted in Palestinian civilian areas, the continuation of a tight closure policy by the Israeli authorities, the partial implementation of the 2005 Agreement on Movement and Access, the resumption of direct contacts between

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** E/2007/100.

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Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas, and the formation of the Palestinian Government of National Unity.

The present report contains a description of efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian populations and institutions.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 61/135 of 14 December 2006, in which the Assembly requested the Secretary-General to submit to it at its sixty-second session, through the Economic and Social Council, a report on the implementation of the resolution. The reporting period was from May 2006 to April 2007.

2. Information on the living and socio-economic conditions of the Palestinian people is provided in reports prepared by other United Nations agencies, in particular in (a) the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (A/61/67-E/2006/13); (b) the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East;[1] and (c) the Humanitarian Monitor reports of the Office for the Coordination of Humanitarian Affairs.

3. Throughout the reporting period, the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued his efforts to support the peace process and to ensure effective coordination between the Palestinian Authority, the United Nations, the international community and the Government of Israel, as well as to document the economic and social conditions in the Occupied Palestinian Territory.

4. The present report provides an overview of the work of the United Nations agencies, in cooperation with Palestinian and donor counterparts, to assist the Palestinian people and institutions, as described in General Assembly resolution 61/135. Also included are observations of the political climate and related challenges as the international community responds to the crisis and works to end the cycle of violence, alleviate the suffering of the Palestinian people, and move forward towards a peaceful settlement.

II. Overview of the current situation

A. Political

5. The reporting period was dominated by a review of diplomatic contacts and international financing arrangements with the Palestinian Authority following the January 2006 legislative elections, including a redirection of aid through the Office of the President and humanitarian channels. On 30 January 2006, the Middle East Quartet concluded "that it was inevitable that future assistance to any new Government would be reviewed by donors against that Government's commitment to the principles of non-violence, recognition of Israel and acceptance of previous agreements and obligations, including the road map".

[1] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 13* (A/61/13).

6. On 9 May 2006, following the formation of a Hamas-led Palestinian Authority Government, the Quartet expressed "its willingness to endorse a temporary international mechanism that is limited in scope and duration, operates with full transparency and accountability, and ensures direct delivery of assistance to the Palestinian people". The European Commission took the lead in establishing the mechanism, which began operating in July 2006. In March, the mechanism was renewed until June 2007. For its part, Israel suspended the transfer of most Palestinian customs and tax revenues collected on behalf of the Palestinian Authority. However, following a meeting between Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert in December 2006, Israel authorized a one-off transfer of $100 million to Presidential accounts.

7. Repeated attempts were made to overcome this impasse by reaching an accord on a national unity Government. These efforts were complicated, however, by the capture of an Israeli soldier by Palestinian militants in June 2006, a sustained three-month Israeli military campaign in Gaza, and the continuation of rocket fire at Israeli territory from the Gaza Strip.

8. The tensions between the main Palestinian factions escalated to armed confrontations. Following an intense round of intra-Palestinian violence in Gaza in December 2006 and January 2007 that threatened to degenerate into civil war, the Kingdom of Saudi Arabia invited Palestinian leaders to Mecca, Saudi Arabia, where an agreement was reached on 8 February to end factional violence and form a national unity Government. That agreement, and the subsequent formation of the Palestinian Government of National Unity, calmed the situation, though clan feuds have continued in Gaza, where law and order are yet to be fully restored and the firing of rockets into Israel is yet to be halted. A British journalist, Alan Johnston, was abducted on 12 March 2007. The stated platform of the Government did not explicitly commit to the principles spelled out by the Quartet, but it nevertheless constituted a step forward. As it came into office, the new Government faced many daunting tasks, including a fiscal crisis, the restoration of law and order, the cessation of rocket fire into Israel, and negotiations for the release of the captured Israeli soldier.

9. During the reporting period, the Israel-Hizbullah conflict in Lebanon and its political fallout brought to a halt any Israeli attempts to implement a unilateral withdrawal from parts of the West Bank. Settlement activity and construction of the barrier continued in the West Bank, as did Israeli incursions into population centres. Efforts from December 2006 onwards to bring about political progress through dialogue between President Abbas and Prime Minister Olmert brought few immediate results.

10. Throughout this period of crisis, the United Nations consistently emphasized its support for the formation of a national unity government, whose platform reflected Quartet principles, while calling on both parties to implement their obligations under the road map and supporting efforts to resume political dialogue. The United Nations strongly advocated for all parties to adhere to their obligations under international humanitarian law regarding the use of force and the protection of civilians. Through the Quartet and other channels, the United Nations worked to facilitate the release of Palestinian customs and tax revenues through agreed mechanisms, and encouraged the international community to continue to assist Palestinians in need.

B. Humanitarian and socio-economic context

Economic and fiscal developments

11. After a modest recovery between 2003 and 2005, the Palestinian economy suffered another decline in 2006. Real gross domestic product (GDP) fell by 5 to 10 per cent in 2006, and income per capita dipped to almost 40 per cent below its 1999 level.

12. The Palestinian Authority experienced a severe fiscal crisis. Total resources fell by almost 40 per cent, from $2.1 billion in 2005 to $1.3 billion in 2006, reflecting the suspension of direct assistance by most donors and the withholding of clearance revenues by Israel. Also, commercial banks reduced the stock of their loans to the Palestinian Authority because of risks of litigation abroad. Meanwhile, the wage bill continued to expand and by early 2007 exceeded the value of revenues, including those still withheld by Israel. The overall fiscal deficit reached almost $1 billion in 2006, up from $760 million in 2005. As a result, the Palestinian Authority accumulated up to $900 million in salary, non-salary and pension-fund arrears. Government employees received on average only about 50 to 60 per cent of their regular incomes.

13. Official and private financial flows from abroad helped prevent a much sharper decline in incomes and consumption in 2006, thus cushioning the overall contraction. External budget support through Palestinian Presidential accounts doubled in 2006, reaching almost $750 million. Humanitarian assistance increased by 56 per cent over the previous year. However, a decline in private investment, from an already low base, signalled a further hollowing out of the Palestinian economy and an increase in its dependency on foreign assistance and remittances.

Humanitarian and socio-economic developments

14. Levels of violence remained high during the reporting period. Two major prolonged Israeli military operations into the Gaza Strip in July and November 2006 were highly destructive. Rockets continued being fired from the Gaza Strip into Israeli territory, and attacks against Israeli civilians were carried out by Palestinian militants, though in a lesser number than in the past. However, there was a marked decline in the Palestinian-Israeli violence in Gaza since the ceasefire of 26 November 2006. In addition, conflict among Palestinian factions and private militias intensified. Overall, 900 Palestinians (146 children) and 16 Israelis (no children) were killed during the reporting period, and a further 4,507 Palestinians and 255 Israelis were injured.

15. Despite increases in financial and emergency assistance, humanitarian indicators continued to worsen, owing to a combination of ongoing closures and the inability of the Palestinian Authority to meet the public wage bill. By April 2007, an estimated 66 per cent of Palestinians were living in poverty, a 30 per cent increase from 2005. One third of the Palestinians were food insecure and a quarter unemployed. The situation was particularly severe in Gaza, where 80 per cent of the population relied on United Nations food aid, and 88 per cent lived below the official poverty line of $2.20 per day.

16. The intensification of closures was reflected in the failure to meet agreed targets under the 2005 Agreement on Movement and Access. Between 25 June and

31 December 2006, the Rafah crossing between the Gaza Strip and Egypt was mainly closed. Improvements began in the first quarter of 2007, with the crossing open for up to 27 per cent of scheduled opening hours. The Karni crossing, the main commercial transit point between Gaza and Israel, operated at only a fraction of the Agreement targets during the reporting period. Here again, export levels improved in the first quarter of 2007, but rarely exceeded 10 per cent of the Agreement target of 400 trucks per day. Worker movement through the Erez crossing to Israel has halted since the January 2006 elections.

17. There was no progress on construction of a seaport or airport, or on the establishment of a link between the West Bank and Gaza, and, despite Israeli Prime Minister Olmert's commitment to Palestinian President Abbas to ease movement restrictions in the West Bank, there has been no discernible improvement in movement for Palestinians in the West Bank. According to the Office for the Coordination of Humanitarian Affairs, the number of road obstacles to movement in the West Bank continues to climb, currently standing at 529.

Barrier

18. On 9 July 2004, the International Court of Justice rendered an advisory opinion stating that the construction of the barrier "constitutes breaches by Israel of several of its obligations under the applicable international humanitarian law and human rights instruments".[2] On 20 July 2004, the General Assembly acknowledged the Court's advisory opinion in its resolution ES-10/15, and requested the Secretary-General to establish a register of damage. By its resolution ES-10/17 of 15 December 2006, the Assembly authorized the establishment of the United Nations Register of Damage caused by the Construction of the Wall in the Occupied Palestinian Territory. In accordance with the resolution, the Office of the Register of Damage and the Register of Damage itself are to be established and to become operational within six months of the adoption of the resolution.

19. The Government of Israel continued its construction of the barrier in the West Bank. By April 2007, approximately 58 per cent of the total planned 703 km of the barrier route had been completed.

III. United Nations response

20. In a modified political environment, United Nations agencies and programmes have continued to discharge their responsibilities, to the best of their abilities, in keeping with their respective mandates. In so doing, they have continued to interact with their Palestinian Authority counterparts to ensure that the needs of the Palestinian people are met as effectively as possible.

A. Human, social and community development

21. Throughout the reporting period, regular development cooperation activities, grounded in long-term donor investments, took a back seat to emergency and life-sustaining interventions. Nonetheless, where possible, United Nations agencies and

[2] *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*; see A/ES-10/273 and Corr.1.

programmes sought out opportunities to continue longer-term economic, infrastructure, capacity-building, and service delivery interventions in their respective sectors of specialization.

Education

22. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) continued operating 272 elementary and preparatory schools for refugee children, using the Palestinian Authority curriculum and additional instruction material on human rights. The Agency constructed 105 computer laboratories and employed 190 information technology teachers in the occupied Palestinian territory. Nine school counsellors supported over 23,000 students. In the West Bank, specific attention was devoted to awareness-raising about violence against children. UNRWA provided teacher training to 645 trainees at four training centres. A new training centre in Gaza was expected to accommodate an additional 118 trainees during 2007.

23. The United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and non-governmental organizations (NGOs) carried out the third Back-to-School campaign for the 2006/07 school year, reaching 1 million children. UNICEF provided mathematics and science kits to 500 schools. UNICEF also provided psychosocial counselling to some 60,000 children, and began a programme to strengthen education information management systems. UNESCO also assisted in the preparation of the new Five-Year Education Plan (2007-2011) of the Ministry of Education and Higher Education, while the Office of the United Nations High Commissioner for Human Rights (OHCHR) assisted the Ministry to implement the World Programme for Human Rights Education, focusing on primary and secondary level schools in the first phase. The World Food Programme (WFP) supported adult education among 13,400 of the poorest Palestinians, in order to enhance quality of life and income opportunities.

24. In higher education, the World Bank invested $10 million to improve the efficiency, quality, relevance and regulatory environment of tertiary education institutions. UNESCO managed a programme of grants and scholarships valued at over $15 million, distributed across 35 universities and colleges across the Occupied Palestinian Territory.

Health

25. In the light of many donors' inability to provide direct financing to the Ministry of Health during the reporting period, the World Health Organization (WHO) led a comprehensive stakeholder review of the health situation to identify options that would avert a health crisis in a weakening institutional context. WHO, the United Nations Population Fund (UNFPA) and UNICEF collaborated in producing the monthly report on health sector surveillance indicators, which monitored comprehensively the health condition of Palestinians, and the status of health services. WHO also invested $3.25 million in key areas such as nutrition, mental health, maternal and child health, communicable and non-communicable diseases and food safety. UNICEF met all Ministry of Health vaccine requirements under the national immunization plan for 2006, and provided essential equipment and training for 17 hospitals in the area of mother and child health, and trained 183

Ministry of Health staff in the integrated management of child health. WFP provided monthly food supplies to eight public hospitals in Gaza during the reporting period. Under a new programme, the United Nations Office on Drugs and Crime (UNODC) provided technical resources and training to the Ministry of Health on substance abuse and related HIV/AIDS prevention.

26. Health coverage for refugees was ensured by UNRWA, which continued to operate 55 health facilities across the occupied Palestinian territory at a cost of $48 million, and through which over 4.7 million consultations were carried out. UNRWA continued its Family Health Programme, immunizing some 99 per cent of refugee children, and delivering food supplements to pregnant and nursing women. Three new hospitals were contracted by the Agency to mitigate the impact of movement restrictions in the West Bank.

Agriculture

27. In the area of agriculture and rural development, the Food and Agriculture Organization of the United Nations (FAO) assisted in technical extension and training for agricultural production and marketing, in irrigation and greenhouse rehabilitation, land reclamation and water resource management, and in the improvement of livestock production, crops and orchards. FAO also supported the development of backyard gardening and cottage industries for women, and provided technical assistance in integrated pest management and for avian influenza preparedness and response. The United Nations Development Programme (UNDP) focused on rural land development, road construction, production inputs for farmers, irrigation schemes, and rehabilitation of damaged infrastructure, generating some 17,500 temporary rural jobs in the process. FAO, together with WFP, led in the production of agriculture and food security surveys. WFP also directly assisted some 94,000 of the poorest farmers with livelihood support.

Multi-sector assistance

28. The largest multi-sector portfolio was carried out by the World Bank. This consisted of 11 projects reflecting a multi-annual commitment of $177.8 million. Large components of this investment were directed towards municipal services, NGO support, and integrated community development. UNDP invested $30 million in community development programmes for local authorities in rural and urban areas, with an emphasis on empowering vulnerable groups.

29. The United Nations Development Fund for Women (UNIFEM) focused on strengthening community-based women's organizations and groups and made use of UNDP-built community infrastructure in 18 rural locations to provide specialized service and training for 10,000 rural Palestinian women. Activities included support for women-run enterprises, vocational training, initiatives to keep girls in school, and facilitating rural women's access to health and other services.

30. UNESCO assisted directly in the conservation and management of archaeological sites of universal value, such as Hisham's Palace in Jericho, and in urban planning for historic city centres in Nablus and Bethlehem. These activities were meant to protect the West Bank's threatened cultural landscape, for the benefit of local communities and businesses, and for recreational use.

31. During 2006 the United Nations Human Settlements Programme (UN-Habitat) undertook an urban sector profile study to identify the needs and priorities in the Palestinian urban communities and identified a number of potential projects in the various urban sectors. Based on a broad participatory process, the study identified priority interventions to be integrated into a long-term strategy for sustainable urban development. In addition, UN-Habitat began a $6.3-million project to build improved 100 housing units for poor women and their children, and to create income-generating projects in Hebron.

Youth

32. With an estimated 56 per cent of the Palestinian population under the age of 19, support for youth and adolescence was an integral part of United Nations activities during the reporting period. This acquired an added importance in view of the intensified significant strains on households, schools and the labour market. UNICEF supported a wide range of interventions, including life-skills training to over 250 Palestinian schools, psychosocial work, recreational activities, youth-oriented publications and television, and support for "child municipal councils" involving the participation of 16,000 adolescents. As part of this effort, UNFPA supported training of adolescents in peer counselling, and worked to expand young people's access to reproductive health and HIV/AIDS prevention training. For its part, UNDP focused on youth employment, by investing in the placement of 4,500 youth in jobs in the private sector and civil society organizations. For the first time, UNODC began working with Palestinian youth to strengthen awareness and prevention of drug abuse, and on drug-related HIV/AIDS prevention.

Protection, gender and human rights

33. The United Nations system intensified its efforts to ensure the protection of children, women and other vulnerable groups during the ongoing crisis. In November 2006, the United Nations High Commissioner for Human Rights visited the region and met with a wide cross section of Israeli, Palestinian and civil society interlocutors. She visited Beit Hanoun, where 19 civilians were killed during an Israeli military operation on 8 November 2006, and highlighted the need for stronger accountability by all parties within international human rights and humanitarian legal frameworks, particularly for civilian protection. She also paid a visit to Sderot, the Israeli border town with Gaza, which was frequently attacked with rockets fired from Gaza.

34. Throughout the reporting period, OHCHR led the efforts of the country team to strengthen the human rights components of United Nations analysis and programming, notably by facilitating inter-agency meetings and supporting joint planning and monitoring. OHCHR worked with United Nations agencies, civil society groups and community leaders on human rights training and advocacy events, and facilitated meetings of local NGOs with the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967, during his visits to the region in June and December of 2006.

35. The International Labour Organization (ILO) launched a regional project to integrate gender and rights perspectives in the analysis of informal economies in the Occupied Palestinian Territory and Arab States. In addition, several United Nations agencies, including UNIFEM, UNESCO, UNICEF, UNDP, UNRWA and WFP,

worked with local authorities and communities to strengthen the legal and social protection of children and women. These activities included support for enhanced legal defence services, training, awareness-raising, support for refugee and non-refugee women centres, and investment in local research and statistical surveys on domestic violence in the occupied Palestinian territory.

Safety and well-being of children

36. The rights of Palestinian children to education, health, nutrition and play continued to be challenged. Data from the Palestinian Family Health Survey 2006 reveal that 10 out of 100 children under the age of five suffer from stunting. The proportion is higher in Gaza, at 13.2 per cent (almost 30 per cent of children in northern Gaza), compared to 7.9 per cent in the West Bank. The prevalence of violence in homes, schools and neighbourhoods remained an issue of particular concern. Restrictions on movement also continued to make access to health facilities, schools and extra-curricular activities difficult. School enrolment data revealed a 2-per-cent decline in the total enrolment rate during the 2005/06 scholastic year. Some 4.2 per cent of children ages 5 to 14 were working in 2006.

37. As noted previously, 146 Palestinian children were killed during the reporting period, far more than the toll for the previous reporting period, and many more injured by live fire, heavy artillery, tank shells, shrapnel and missiles. As noted above, over 23,000 refugee children and youth in the occupied Palestinian territory received psychological counselling and support through UNRWA, and UNDP-supported programmes aimed at increasing the resilience of children and youth who suffer from post-traumatic stress disorder and other forms of trauma. UNICEF and its non-governmental partners ran 12 psychosocial emergency teams to address the conflict-related distress of children and their caregivers. In total, 60,000 children attended UNICEF debriefing sessions and 30,000 caregivers were trained.

38. In response to high levels of violence against children and women in homes, schools and communities, UNICEF and its governmental and non-governmental partners have implemented a comprehensive programme since 2004, including monitoring, law and policy development, awareness-raising, capacity-building and the setting up of response systems. UNICEF also supported the development of a draft juvenile justice law and a Palestinian child rights law. In addition, UNICEF provided support to the Ministry of Detainees Affairs in building a comprehensive database on Palestinian children held in Israeli detention. UNICEF and the Ministry of Planning also continued establishing a national child protection monitoring system.

Targeted social assistance

39. Responsibility for providing targeted social assistance to non-refugees in the occupied Palestinian territory lies primarily with the Palestinian Ministry of Social Affairs Special Hardship Cases Programme. In 2006, however, the management and delivery capacity of the Ministry was considerably weakened. In this context, WFP supported the Ministry to ensure monthly food deliveries to a caseload of 382,269 recipients. At the same time, the World Bank began implementing a project aimed primarily at strengthening the institutional capacity, transparency and effectiveness of the Ministry programme. Beginning in the second half of 2006, the cash

component of the Special Hardship Cases Programme was supported primarily through the European Commission-led temporary international mechanism.

40. UNRWA continued to target food distributions and cash support to 32,000 disadvantaged refugees in the West Bank and 87,000 in Gaza on a quarterly basis, at a cost of $14.6 million in 2006, supplemented by significant emergency distributions. UNRWA also worked to reintegrate persons with disabilities into their communities, subsidized the costs of prosthetic devices, and supported home-based rehabilitation and employment of persons with disabilities.

B. United Nations system support to Palestinian institutions

41. As noted, the reporting period saw severe strains placed upon Palestinian public institutions. These resulted in a fiscal crisis, recurring labour unrest and an overall weakening of public service delivery capacity, precisely at a time when the intensification of conflicts on the ground caused a rapid growth in social and economic needs, particularly in Gaza. Donor contact policies, moreover, had an important impact on the United Nations efforts to continue normal capacity-building support. While some capacity support was maintained in specific areas, this combination of factors caused a partial shift towards short-term emergency support for public health, education, and municipal and social services. Together UNDP, WHO, UNICEF and UNRWA intensified their efforts to procure fuel, transport, equipment and stocks essential for the operation of clinics, schools and solid waste removal and water treatment. In an effort to offset the impact of the fiscal crisis, UNRWA expanded its food basket coverage to include 23,000 families of Palestinian Authority employees no longer receiving their full wages. Sixty-five per cent of WFP programmes were implemented through Palestinian ministries and municipalities.

42. A key area of emergency support was in health service delivery. Working together, WHO, UNFPA and UNICEF supported the Ministry of Health to finalize its essential drugs list and to develop an essential drugs information mechanism. They assisted the Ministry to determine needs and inventories, and to liaise with donors on financing essential drugs procurement. UNDP assisted the Ministry in upgrading its information technology capacity with new software and equipment and to establish new standard operating procedures. In education, UNICEF adopted a "dual-use" supply strategy of directing essential school supplies to both emergency and non-emergency areas of the Occupied Palestinian Territory.

43. Another important area of United Nations support to a weakened administration was in the area of central aid management and sector coordination. Several United Nations agencies, including FAO, WHO, UNESCO and WFP, served as lead technical advisers to sector working groups, crucially bridging the gap between external donors and Ministries in an environment of restricted international contact policies. UNDP supported the Ministry of Planning to upgrade its aid tracking database. The United Nations Conference on Trade and Development (UNCTAD) provided support to the Ministry of Finance to bridge the central budget to the medium-term development plan. The Office of the United Nations Special Coordinator for the Middle East Peace Process provided the Ministry of Planning with strategic and operational planning support in the area of aid management.

Capacity-building

44. At the same time that United Nations agencies acted to respond quickly to immediate institutional needs, several longer-term capacity-building programmes were maintained. UNDP deployed 24 expatriate Palestinian experts of the Transfer of Knowledge through Expatriate Nationals programme and 73 United Nations Volunteers to strengthen Palestinian capacity across a broad range of institutions and, at the local level, supported civil society dialogue with municipal officials, local councillors and offices of the Ministry of Local Government.

45. UNCTAD continued its efforts to assist in modernizing Palestinian customs systems at the Rafah border crossing, while the United Nations Office for Project Services (UNOPS) provided training for border security at the Karni commercial crossing point between Israel and the Gaza Strip, and assisted in a major infrastructure project to improve security and efficiency at the crossing within the context of the Agreement on Movement and Access. WFP trained 60 staff from the Ministries of Social Affairs and Agriculture in food security, logistics, programme management, monitoring and beneficiary targeting. FAO continued to provide technical advice and training to the Ministry of Agriculture and other partners in the areas of agriculture and food security. In the area of culture, UNESCO provided specialized site management training for officials of the Ministry of Tourism and Antiquities and, using GIS mapping systems, assisted local authorities to develop an inventory of cultural heritage sites, features and tourist routes across the Occupied Palestinian Territory.

46. Finally, the United Nations continued to support the rule of law sector with technical and infrastructure assistance. UNIFEM provided human rights training for 10 female local councillors and 30 female police officers. UNDP completed the construction of the Khan Younis courthouse, with plans to begin similar work in Jenin, and initiated a project to automate the operations of the Supreme Judicial Council. UNDP also assisted in the construction of presidential premises in Ramallah.

C. Private sector development

47. In February 2007, the World Bank conducted an investment climate assessment that confirmed that shrinking market access and lack of free movement in the occupied Palestinian territory posed the main constraints to growth for Palestinian enterprises during the reporting period. The study found that private sector recovery would be directly contingent on (a) restoring movement and access; (b) developing private enterprise capabilities; and (c) improving the investment climate. In this context, the Bank undertook a major feasibility study on the export of commercial goods via the Rafah border crossing with Egypt.

48. In 2006, UNCTAD worked directly with the private sector to establish the Palestinian Shippers' Council in order to facilitate trade and reduce import/export transaction costs. Together with ILO, UNCTAD provided training to build entrepreneurial capacity for 123 small and medium business leaders, including 16 women. ILO also continued to provide technical support to Palestinian trade unions and to the Federation of Palestinian Chambers of Commerce and Industry. Finally, as a measure to stimulate the private economy, WFP purchased $16 million of food

commodities (wheat, oil, salt) from local suppliers, including 1,600 small-scale olive farmers of the West Bank.

D. United Nations system emergency assistance

49. The reporting period witnessed an intensification of what might be called an ongoing emergency in the Occupied Palestinian Territory, generated by a combination of closures, conflict, fiscal crisis and institutional degradation. In addition, the reporting period was punctuated by a number of specific emergency developments in the Gaza Strip that required rapid, coordinated responses by the United Nations, the International Committee of the Red Cross (ICRC) and the NGO community. Three events stand out. On 28 June 2006, the Gaza central power plant was severely damaged by an Israeli air strike, immediately depleting some 60 per cent of the local power supply. In response, the United Nations system delivered a total of 650,000 litres of fuel for Gaza Strip municipalities and refugee camps to operate essential public services, including the provision of drinking water and the removal of solid waste. The plant's service was restored to pre-June levels with technical and financial support from Egypt and Sweden.

50. On 8 November 2006, the municipality of Beit Hanoun came under Israeli artillery attack after the firing of rockets by Palestinian militants. Some 19 Palestinians were killed and 52 injured when shelling destroyed a residential building. In response, United Nations humanitarian agencies successfully negotiated access to the conflict zone, and provided emergency water, food and medical access in support of those among the 50,000 residents that were most directly affected. On 27 March 2007, a breach in Gaza's main sewage treatment plant in Beit Lahia caused severe flooding in surrounding communities, killing 5 people and affecting some 700 families. The United Nations was the first to appear on site to support the evacuation of residents, to clean the area, and to coordinate with ICRC, NGOs and the Palestinian Civil Defence Service the provision of tents, water and food supplies to evacuees.

Emergency food assistance, cash support and job creation

51. Beyond these specific events, the United Nations remained at the forefront of overall humanitarian assistance provision during the reporting period. Restricted donor contact policies, reflected in a donor preference to "by-pass" the Palestinian Authority Government in the transfer of aid, resulted in the growth of food and cash assistance programmes in particular. Under the United Nations Consolidated Appeal for 2006, over $274 million was received by the United Nations and NGOs, which directly targeted the Palestinian population. That represented 70 per cent of the original request.

52. UNRWA and WFP were the largest humanitarian providers during the reporting period. UNRWA raised $145 million for emergency programmes, including food distributions to support some 70 per cent of the total registered refugee population. Given the depth of the crisis, UNRWA increased its emergency food caseload in mid-2006. Three million work days were created for 53,000 unemployed refugees, for periods of 1 to 12 months, at an average wage subsidy of $14 dollars per day, and benefiting 400,000 refugees overall. WFP delivered 83,000 metric tons of food assistance to over 640,000 non-refugee recipients, at a cost of

$44 million. WFP food-for-work programmes covered an additional 30,000 people during the reporting period. WFP also provided food supplements to municipal workers and fishermen in the Gaza Strip, benefiting some 8,000 family dependants.

53. UNDP implemented emergency job creation programmes with a longer-term developmental impact, including rehousing, road repair, agricultural rehabilitation, and solid waste management in Gaza. Some 180,000 work days were created with an investment of about $12 million. An additional 100,000 work days were created in the West Bank through small-scale infrastructure projects, valued at some $14 million received through the United Nations Consolidated Appeal. UNIFEM piloted a food security initiative in rural areas of the Gaza Strip, benefiting 65 women, and promoted the use of women centres for determining the beneficiaries of food-for-work and food-for-training initiatives. Together, FAO and WFP conducted a comprehensive food security and vulnerability analysis, which provided a new food security baseline for the occupied Palestinian territory, and the basis for a new food security monitoring system.

Emergency health support

54. The United Nations focused its efforts on ensuring the continuity of health service provision as the economic and institutional crisis deepened. WHO mobilized over $13 million to support the provision of essential drugs and supplies to primary health-care services across the occupied Palestinian territory. UNRWA opened its clinic and hospital services to non-refugee users, and operated five mobile clinics to assist isolated communities in the West Bank, including those affected by the barrier, treating more than 11,000 patients each month. UNICEF worked to ensure that basic supplies were procured or replenished. Working together, WHO, UNICEF and UNFPA established a computerized system within the Ministry of Health to strengthen and modernize its management of drug supplies. UNICEF provided emergency drinking water and improved water and sanitation facilities to 33 clinics and 3 hospitals in the Gaza Strip.

55. Owing to increased stress and trauma experienced by the civilian population, United Nations agencies redoubled their emergency efforts in psychosocial care. During the reporting period, UNRWA's 310 counsellors conducted some 14,000 group sessions with over 237,000 participants, and 10,000 people received individual counselling. Likewise, UNICEF deployed 12 psychosocial teams across the West Bank and Gaza Strip to counsel over 40,000 children and supported secure recreational activities for over 35,000 more. UNIFEM provided counselling services to 2,000 women and medical staff in the West Bank and Gaza Strip.

Emergency education support

56. As with health, education services also came under severe stress during the reporting period. Primary and secondary schools were affected by teachers' strikes in the West Bank from the opening of the school year, and inadequate financing resulted in shortages of essential school supplies. With international support, however, lost ground was regained towards the end of 2006. Most schools offered catch-up sessions to avert a repeat of the academic year by affected students.

57. UNRWA created 1,500 new temporary teaching positions under its job creation programme to mitigate declining education standards. In addition, UNICEF provided emergency water supplies to all 343 public primary and secondary schools,

and improved water storage and distribution facilities for some 70 schools. Together with the Palestinian Red Crescent Society, UNICEF also provided mine-risk education to 43,668 children and 6,939 adults. WFP contributed to adult education among 13,400 of the poorest non-refugees through food-for-training activities, and initiated a pilot in-school feeding programme for 10,000 children in the West Bank.

Emergency agricultural support

58. Agriculture has traditionally played the role of employer of last resort in times of crisis. Together with the Ministry of Agriculture and other partners, FAO implemented a total of seven projects focusing on recovery of crop and animal production among the most needy farming families; capacity-building and support services for farmers; support for backyard gardening and cottage industry for women; and emergency assistance for preparedness and response to avian influenza outbreaks. FAO directly assisted 1,500 poor farming families, or about 10,000 beneficiaries.

Emergency infrastructure support

59. Primary infrastructure damage during the reporting period resulted from Israel's extended military operation in Gaza between July and September 2006. UNDP moved quickly to produce a rapid assessment of damages, copies of which were widely circulated, including at the Stockholm donor conference of 1 September 2006, and served as a common reference point for donor planning and subsequent responses. UNRWA rehabilitated 1,541 houses and shelters and, critically, repaired the Salah ed-Din Bridge on the main north-south route in the Gaza Strip. UNRWA opened new shelters and offered space and care at its schools for several thousand refugees fleeing from military operations over the summer. UNICEF focused on the water and sanitation sectors, restoring residential and municipal water networks and storage facilities covering 21,000 people in the West Bank and Gaza. In addition, WFP allocated 60 per cent of food-for-work activities to the emergency infrastructure repair of roads, municipal buildings, pavements and other public assets.

E. Coordination of United Nations assistance

60. In May 2006, the Secretary-General appointed a Deputy Special Coordinator at the senior executive level to ensure better coordination within the system. Adapting from the Integrated Mission model, the Deputy was appointed also as Humanitarian Coordinator for the Occupied Palestinian Territory, and mandated to serve as Resident Coordinator. The Deputy Special Coordinator-Humanitarian Coordinator/ Resident Coordinator oversaw the preparation and launch of the 2007 Consolidated Appeal, and, with support from the Office for the Coordination of Humanitarian Affairs, led efforts to raise funds, negotiate humanitarian access, and facilitate the implementation of programmes in the occupied Palestinian territory, and in Lebanon during the 2006 conflict. With the collaboration of UNDP, the Deputy Special Coordinator also renewed engagement between the United Nations Development Group Office and the United Nations country team locally.

61. Coordination was effectively carried out by United Nations sector leads in health, education, food security and human rights. Following the visits of the Emergency Relief Coordinator and the High Commissioner for Human Rights, United Nations agencies formed a protection sector group, covering issues of

protection, the rule of law, and accountability, under the stewardship of the Office for the Coordination of Humanitarian Affairs and OHCHR. Multi-sector coordination by UNDP, WHO, FAO, WFP and UNICEF proved especially effective in organizing the United Nations response and follow-up to the avian influenza epidemic in the first half of 2006.

62. Responding to increasing donor concerns about the humanitarian situation on the ground, the Office for the Coordination of Humanitarian Affairs coordinated the development of the monthly Humanitarian Monitor Report. The Monitor provided an exhaustive and comprehensive analysis of changing socio-economic patterns and public service delivery capacities, and received a very positive response from the donor community. By April 2007, the United Nations Consolidated Appeal, valued at over $450 million, received funds amounting to 18 per cent of stated requirements.

Humanitarian access

63. With a hardening of Israel's security posture during a period of intensified violence, passage of United Nations staff between the Gaza Strip and Israel, and between the West Bank and Jerusalem, was subject to unprecedented restrictions, particularly for Palestinian staff. To address the issue, senior United Nations officials, with support from key donor countries, engaged in sustained consultations and démarches with the Government of Israel, at local and Headquarters levels. The Secretary-General highlighted problems of United Nations humanitarian access with the Prime Minister and key Israeli Cabinet members during his visit to the region in March 2007. At the time of writing, the issue awaited resolution.

United Nations media and public information activities

64. The main vehicle for coordinating the United Nations media and public information activities during the reporting period was the inter-agency Advocacy and Public Information Committee. Serving under the United Nations country team structure, the Committee coordinated two major inter-agency press statements on the closure and military operation in the Gaza Strip, and organized a major media event to coincide with the Palestinian olive harvest. In addition, specialized United Nations agencies led advocacy and media efforts in their specific areas of focus, including public health, the protection of civilians and children, cultural heritage and press freedom.

IV. Donor response to the crisis

A. Emergency budget and fiscal support

65. As noted, the majority of donors withdrew direct budget support to the Palestinian Authority in March 2006, following the formation of a Hamas-led Government. The withdrawal of budgetary support, combined with the decision of the Government of Israel to withhold clearance revenues collected on behalf of the Palestinian Authority, meant that by May 2006 Palestinian Authority monthly revenues had fallen to around a third of 2005 levels. The temporary international mechanism delivered funds to pay social allowances, and meet the procurement and recurrent costs of key non-security social services. By April 2007, the mechanism had disbursed some $330 million. Donors also relied increasingly on established

humanitarian channels, most notably the United Nations and NGOs, which together delivered over $460 million directly to Palestinian recipients.

B. Support to Palestinian reform

66. In the light of restrictive donor contact policies, much of the Palestinian reform agenda was put on hold. Security sector reform was complicated in a context where the main international interlocutor on security, the United States, was unable to engage with the Palestinian Authority Government. Support to security services reporting to the Office of the President, and to other aspects of the Office, however, continued.

67. Some of the most important reform gains of the past few years, notably in the field of public financial management, were considered lost during 2006. The Single Treasury Account and the national budget ceased to operate, as did legislative reform efforts. Donors nonetheless encouraged ongoing discussions about reform strategy, focusing on short- and medium-term objectives that could be supported if political conditions changed. With the formation of the Government of National Unity some began to re-engage, albeit variably, indicating the possibility of reviving the reform agenda.

C. Donor coordination

68. Donor contact policies limited the effectiveness of existing coordination structures during 2006. These coordination structures had been designed in 2005 to integrate the Palestinian Authority into donor coordination and decision-making processes, in accordance with the 2005 Paris Principles. The United Nations, which was less constrained than many of the donors in its contact with Palestinian officials, played a critical role throughout the year in maintaining links between the donor coordination mechanism and the Palestinian Authority at both central and sector coordination levels. This helped to maintain the operation of core services of the Palestinian Authority, such as in public health and social welfare. Following the formation of the Government of National Unity, the United Nations began to work closely with key partners to re-energize donor coordination.

V. Looking ahead

A. Political, economic and social challenges

69. The formation of the Palestinian Government of National Unity transformed the political landscape for Palestinians, creating opportunities for greater, though still constrained, contact between the international community and the Palestinian Authority.

70. Conditions for most Palestinians nonetheless remained extremely difficult. While inter-Palestinian factional violence subsided in early 2007, the situation in Gaza remained tense. Bringing internal violence under control appeared as a major test of the new Government, as did effective actions to prevent militant attacks against Israeli targets. The economy remained severely depressed, and appeared set to remain under stress in the light of ongoing commercial closures.

71. The fiscal crisis of the Palestinian Authority, already critical by the end of 2005, risked threatening its very viability in the first half of 2007. Even with the resumption of customs and value-added tax transfers, a Palestinian budget deficit loomed at some $80 million every month.

72. Ensuring the resumption of negotiations towards a permanent resolution of the conflict remained a major challenge for both parties. To allow sustained progress on the political track, the Palestinian Government would need to show progress in the reduction of violence against Israel. For its part, the Government of Israel must cease settlement construction and remove outposts. Both Israeli and Palestinian Governments also face domestic difficulties. The international community, including the regional countries, can contribute usefully, as illustrated by the re-energizing of the Quartet and the Arab Peace Initiative.

B. Unmet and emerging requirements

Access

73. While United Nations agencies continued to negotiate for unimpeded humanitarian access, the Palestinians experienced an increasingly restrictive closure regime that directly undermined their ability to engage in economic activity. The effects of these closures could not be reversed with increased humanitarian assistance. Development initiatives to improve the Palestinian economy were expected to have limited impact in an environment where intense access restrictions prevailed. The reporting period showed that despite substantially increased levels of aid, socio-economic indicators have worsened. Without normalization of movement of people and goods into and out of Gaza and East Jerusalem, and within the West Bank itself, poverty and unemployment were expected to rise and aid dependency to grow.

Youth and education

74. For many years, Palestinian enrolment rates were applauded as among the best in the region. The sector came under considerable strain during the reporting period, raising concerns about the quality of education services. There was growing demographic pressure for more classrooms, and for accelerated teacher training. In isolated areas, such as the Jordan Valley, schools remained dilapidated, lacking basic water and sanitation facilities. Remedial education and more focus on girls' schooling was required, particularly in areas where closures were most severe.

Women

75. In addition to externally imposed economic and movement restrictions, social pressures faced by women often further impeded their mobility and access to information, resources and services. Palestinian women tended to be an underutilized human resource in employment generation programmes, despite being under increasing pressure to contribute to household incomes. A community-based approach offered an opportunity to generate employment for women through locally based initiatives. In addition, more needed to be done to address the psychosocial health of women, not only as caregivers, but as individuals with particular needs and pressures.

Health

76. Concerns grew that the Palestinian Authority financial crisis would seriously affect health sector performance over the longer term. Historically, about half of the Ministry of Health budget had been covered by international aid through both budgetary support and projects implemented through the Ministry. Continued funding restrictions of the kind witnessed during the reporting period created a real risk of deterioration in health service delivery and reform.

VI. Conclusion

77. During the reporting period, the crisis in the Occupied Palestinian Territory deepened and continued to claim lives. The combination of continued conflict, closures, fiscal crisis and withholding of Palestinian revenues by the Government of Israel had immediate effects: incomes dropped, and poverty and food insecurity worsened. Gaza saw a virtual collapse in law and order. Yet the situation could have been worse, were it not for the rapid interventions by the United Nations system, NGOs and the temporary international mechanism, which together disbursed upwards of $800 million in emergency food, cash and budget support.

78. As it moved into its second quarter, the year 2007 witnessed some modest improvements in overall policy setting. Dialogue between Israel and the Palestinians resumed, and enabled a substantial transfer of customs and tax revenues in early January, as well as improvements of commercial flows at the Karni crossing. Most significantly, the new Palestinian Government of National Unity was formed, leading to a selective re-engagement by some donors. The appointment of Salaam Fayad to the post of Finance Minister appeared to offer new options for international re-engagement. Critically, the Palestinian Government of National Unity had an immediate effect of decreasing internal factional fighting, though the level of violence remained critical in the Gaza Strip, as exemplified by the abduction of a British journalist, who should be released immediately and safely. For further progress to be possible, law and order should be fully restored in the Occupied Palestinian Territory, facts on the ground that prejudge final status issues should be avoided, and access and movement for the Palestinians should be facilitated. I reiterate my calls on the Government of Israel to ease restrictions and resume payment, through an appropriate mechanism, of the Palestinian tax revenues it collects, and on the Palestinian Authority to respect fully the three principles of the Quartet. Moreover, the Israeli soldier who was captured in June 2006 must be released.

79. How resilient these encouraging but modest steps will prove to be in the coming period, and whether they will translate into concrete, lasting improvements for the majority of Palestinians, will depend on the willingness of the parties to meet their respective commitments and of the international community to encourage them along this path. The United Nations will continue to monitor events closely, in order to respond to urgent needs, and to capitalize on opportunities for development as they arise. In doing this, it will seek to realize its broader aim, which is also that of the Quartet and the entire international community: a just, lasting and comprehensive peace in the Middle East, based on Security Council resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003), and the establishment of a sovereign, democratic, viable and contiguous Palestinian state, living side by side in peace with a secure Israel.